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INFORMATION REPORT

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**SUPPLEMENT TO
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Five Year Plan

1. Press reports on the Five Year Plan are not true, and are issued purely for internal consumption. Even the official data and that presented to the International Statistical Conference are not accurate. There is much talk of new factories in the press, but little actual evidence that any exist. Most of the attention of the Five Year Plan is still being devoted to the rehabilitation of old factories. The plan is being devoted mainly to preparation for war.

2. Entrance to all factories is by pass only. A sentry guards every building. I went to see a chemical factory and was required to have a pass signed by the Minister of Industry.

Nationalized US Property

3. In order to have Yugoslav gold in US unfrozen Yugoslavia would be willing to pay the US \$10 million, possibly \$15 million for the properties belonging to US interests that were nationalized. The Yugoslav Foreign Office realizes that it probably will not succeed in having the gold unfrozen unless it undertakes some settlement for the nationalized properties.
4. The Yugoslavs will not attempt for the present to resume the financial negotiations with the US which were renewed on September 2. Their present plan is to try to buy a majority interest in the stock of the US companies in Yugoslavia and thereby gain legal control of the enterprises, which already have been taken over by the Government. The purchases would be accomplished by individual negotiations with the businessmen concerned. Mr. Sisanic of the Yugoslav Embassy in Washington is expected to carry out this project. The Yugoslavs would presumably then expect their assets to be returned to them intact. Mr. Avramovic of the Ministry of Finance has urged this course. Others have argued against it, believing it highly unlikely that Secony-Vacuum, for example, would settle on this basis, and that the Yugoslavs could not expect their assets to be released unless they made a reasonable deal with the Americans which would give at least partial satisfaction to the American property owners. The charge of collaboration is often used by the Government as a means of acquiring property, even where there is not the slightest evidence of such collaboration on the part of the property owner.

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UNRA

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4. There was apparently no doubt in the minds of the Yugoslav population as to the source of UNRA goods. There has always been some question, however, and this incidentally has always been fostered by the Government, as to whether the goods would ultimately have to be paid for. Yugoslavia owes an immeasurable debt to UNRA for her rather rapid and effective reconstruction.

The Danube

5. There is no question in the minds of the government officials of the Eastern European states that all outside interests and traffic must be excluded from the Danube. The Soviets have no intention of living up to the peace treaty provisions guaranteeing freedom of navigation on the Danube, and will presumably encourage the violation of this clause by the ex-enemy countries. At the forthcoming Danube Conference it is expected that the Eastern European proposal will be for an arrangement not unlike the German-Soviet arrangement worked out in 1940, and that all but riparian states will be completely excluded. The references made to "arrangements concerning the tributary streams to the Danube basin" in connection with conversations among the Eastern European countries apparently refer to the use of the Danube waters for irrigation.
6. A Yugoslav delegation was sent to Hungary about six months ago to work out with the Hungarians a joint operation of the drainage and irrigation canals and pumps in the Vojvodina and adjacent Hungarian area. This system was originally constructed in the days of the Austro-Hungarian Empire and, if effectively operated, would make available a good deal of additional land to Yugoslavia. Although the Yugoslav and Hungarian technicians were able to agree upon an effective arrangement, the Yugoslav negotiators were recalled and their proposals put aside by the Yugoslav Government on political grounds.

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